

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 PM-03 NSC-05 SP-02 SS-15 CIAE-00 INR-07

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TO SECSTATE WASHDC PRIORITY 2076

INFO AMEMBASSY BONN

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AMEMBASSY LONDON

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E.O. 11652: N/A

TAGS: EFIN, IT

SUBJECT: STATUS OF GOVERNOR CARLI'S RESIGNATION

REF: ROME 9017 OF JUNE 24, 1975

PASS TREASURY & FRB

1. BEGIN UNCLASSIFIED. MILANESE NEWSPAPER IL GIORNALE REPORTED ON JULY 13, 1975 THAT, AFTER FIVE YEARS OF TRYING, CARLI WILL FINALLY LEAVE HIS POST AS GOVERNOR OF BANK OF ITALY ON AUGUST 1. ARTICLE PROFFERS SPECULATION THAT BANK'S CURRENT DIRECTOR GENERAL, PAOLO BAFFI, WILL MOVE UP TO GOVERNOR SLOT, THAT RINALDO OSSOLA, CURRENTLY ONE OF TWO VICE DIRECTORS GENERAL, WILL TAKE BAFFI'S POSITION, AND THAT MARIO ERCOLANI, CURRENT HEAD OF THE BANK'S FOREIGN OPERATIONS, WILL ALSO MOVE UP TO OCCUPY OSSOLA'S POST.

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2. OTHER DETAILS OF THIS SCENARIO, AS PRESENTED IN

ARTICLE, INCLUDE CONVOCAION OF AN EXTRAORDINARY SESSION OF BANK'S BOARD OF DIRECTORS ON JULY 30 IN ORDER TO NOMINATE CANDIDATES TO OCCUPY GOVERNORSHIP AND OTHER RANKING POSITIONS. POSSIBILITY IS RAISED THAT BAFFI WOULD INITIALLY BE NAMED AS "ACTING" GOVERNOR IN ORDER TO ALLOW MORE TIME FOR GOVERNMENT TO REACH AGREEMENT UPON PERMANENT SUCCESSOR FOR CARLI. ON OTHER HAND, ARTICLE ASKS WHY GOVERNMENT COULDN'T MAKE UP ITS MIND BEFORE JULY 30 AND POINTS OUT THAT GOVERNMENT HAS NO RIGHT TO NOMINATE, IN ANY CASE, BUT ONLY TO APPROVE OR DISAPPROVE NOMINATIONS MADE BY BOARD.

3. SUBSEQUENTLY, BANK OF ITALY RELEASED CLARIFICATION TO PRESS, PUBLISHED JULY 15, INDICATING THAT JULY 30 MEETING WAS CALLED BY CARLI AS ORDINARY MEETING OF BOARD. FOR NOMINATION OF NEW GOVERNOR, "EXTRAORDINARY" MEETING OF BOARD CONVOKED BY ITS OLDEST MEMBER IS REQUIRED. END UNCLASSIFIED.

4. BEGIN LIMITED OFFICIAL USE. BOI VICE DIRECTOR OSSOLA CONFIRMED TO TREASATT JULY 15 THAT EXTRAORDINARY MEETING HAS NOT BEEN CALLED FOR JULY 30. HE DID NOT RULE OUT THAT MEETING MIGHT STILL BE TRANSFORMED INTO EXTRAORDINARY SESSION, BUT SAID THAT POLITICAL DECISION HAD NOT YET BEEN MADE WITHIN POLITICAL PARTIES NOR WITHIN GOVERNMENT. (DC PARTY NATIONAL COUNCIL MEETS JULY 19-21.) WHILE BOI BOARD HAS LEGAL RIGHT TO NOMINATE WHOMEVER IT CHOOSES, AS PRACTICAL MATTER, IT NEEDS POLITICAL CLEARANCE OF CANDIDATES SINCE GOI MUST GIVE FINAL APPROVAL. IN ANY CASE, OSSOLA THOUGHT THAT SOME FINAL DECISION ON GOVERNORSHIP WOULD BE TAKEN IN NEXT FEW WEEKS. IT WAS ABOUT 80 PERCENT CERTAIN THAT GENERAL UPWARD MOVEMENT OF TOP MANAGEMENT (PER PARA 1 ABOVE) WOULD OCCUR. END LIMITED OFFICIAL USE. VOLPE

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